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April 18, 2013

Ms. Tracie L. Stevens, Chairwoman
Mr. Daniel Little, Associate Commissioner
National Indian Gaming Commission
1441 L St. NW, Suite 9100
Washington, DC 20005

Re: Comments on Proposed Amendment of Minimum Internal Control Standards for Class II Gaming Related to Kiosks

Dear Commissioners:

The following comments are submitted to the National Indian Gaming Commission (NIGC) in response to its request for comments on the proposed kiosk related amendments of the Minimum Internal Control Standards for Class II gaming (Class II MICS), as set forth in 25 C.F.R. Part 543.¹ The Quapaw Tribal Gaming Agency (QTGA) appreciates the opportunity to share its views on the proposed amendments and hopes the comments it provides below prove useful.

The QTGA has been reviewing and overseeing the implementation of kiosk accounting controls and is thus well-acquainted with the security risks specific to kiosk cash handling. In the context of kiosk standards, it is well-accepted that unlike player interface and card games, kiosks² are not revenue centers but actually part of the cage's accounting responsibility. This structure is recognized in the current Class II MICS³ and flows logically from the typical use of kiosks as Ticket Redemption Units. A Ticket Redemption Unit/kiosk is, in essence, an automated cage cashier which has the primary function of redeeming vouchers below a certain dollar amount. Kiosks are also accounted for by the cage on an imprest basis and are included in cage inventory for reconciliation purposes, much like a cage cashier's drawer. Cage accountability and the non-revenue nature of kiosks are important distinctions that ultimately translate into a lower level of risk with respect to cash handling functions.

The proposed rule, however, appears to disregard these distinctions by including procedures that largely mirror, virtually word for word, the requirements relating to player interface and card game drop and count in the Class II MICS. The QTGA is extremely concerned that the NIGC's "one size fits all" approach will unduly interfere with efficiencies within the tribal gaming

¹ 78 Fed. Reg. 11793-11795 (Feb. 20, 2013).

² Kiosks are "device[s] capable of redeeming vouchers and/or wagering credits or initiating electronic transfers of money to or from a patron deposit account." 25 C.F.R. § 543.2.

³ 25 C.F.R. § 543.18.

operation and preclude tribal gaming operations from tailoring kiosk control standards appropriate to the specific level of risk associated with their kiosks.

The QTGA strongly believes that the proposed rule should provide for greater flexibility, particularly in the area of designating the appropriate staff to conduct the count. The proposed rule requires the count to be conducted by a "count team," which is a term more appropriate to a player interface or card game drop and count. It also requires the involvement of three agents even though the drop procedures for card games and player interfaces only require two agents. The proposed rule further requires that the count of a kiosk drop take place within the count room or equivalently secure area. Although in a typical gaming operation, access to the count room is severely restricted, the proposed rule inappropriately requires opening the count room for kiosk drops which involve a much smaller volume of cash. The QTGA is concerned that this proposed requirement may threaten to diminish the security of the count room and the player interface and card game counts that take place therein. The QTGA believes that the cage itself should be considered a secure location for kiosk count standards.

The QTGA also requests that the NIGC take into consideration the fact that tribal gaming operations and tribal gaming regulatory agencies are well-positioned to assess the particular risks associated with their specific kiosk implementations. As currently drafted, the proposed rule's prescriptive approach to the kiosk drop and count goes beyond setting minimum standards and instead provides detailed procedures that deprive tribal entities of the necessary discretion to create procedures appropriate to their kiosk implementations. The QTGA is encouraged, however, that the NIGC was able to provide the flexibility sought in the controlled key and variance standards included in the proposed rule.

In closing, the QTGA thanks the NIGC for the opportunity to provide comments on the proposed amendments to the Class II MICS and looks forward to working in partnership with the NIGC in finalizing this proposed rule.

Thank you for your attention to these comments.

Sincerely,



Barbara Kyser-Collier
Director, QTGA